

# MHLONTLO LOCAL



## MUNICIPALITY

### Annual Report 2010-2011

Report on Municipal Demographics, KPAs and  
Functional Areas

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# PART 1: Introduction and Overview

## Foreword by the Mayor

The municipality is charged with the responsibility to comply with the Constitutional imperatives and other relevant legislative framework within which the local government and municipalities operate. Basically, all what the municipality is required to do is to practise what developmental local government is expected to do. During the period under review, despite the prevailing situation of the lack of revenue sources, the municipality has mostly complied and taken a progressive step towards the attainment of the needs of the citizenry. Political champions of the municipality, working hand in glove with the communities through public participation, have vigorously engaged in a social contract that necessitated and enhanced a sense of **responsibility, accountability and finally sense of ownership**.

The above background has been carried through the proper procedures, planning and budgeting that always involved the owners of the municipality. This refers to the involvement and meaningful participation in all the IDP and Budget processes. During the financial year 2010/2011 the municipality focused on the National priorities and signed Twelve Outcomes that mostly require co-operative government as is the Constitutional imperative of every institution. The National Key Performance Areas that guided the municipality's accelerated service delivery are:

➤ **Municipal Transformation and Institutional Development**

The municipality is always expected to ensure that the employees are capacitated according to dictates of the law in order to ensure that there is effectiveness and efficiency. The institution managed to fill its vacancies though it could be quantified by Corporate Services Department.

➤ **Local Economic Development**

The economic development of the municipality remains fundamental and contribute to the sustainable livelihoods of the community.

➤ **Basic Service Delivery and Infrastructure**

The municipality always strive to address the backlog of the infrastructure particularly construction of access roads and the connection of electricity in huge number of the households.

➤ **Good Governance and Public Participation**

This is but one of the strategic areas through which the municipality actively interacts with the other departments and public participation is encouraged. This is done to ensure good working relations with all stakeholders. Services are equitably distributed and answerability is highly practised with due diligence as the core value that emanates from body politics.

➤ **Financial Viability**

During the financial year in question, the municipality experienced difficulties in generating its own revenue and mainly relied on grants from other spheres and or / organs of state. The municipality should take into cognisance that for sustainability there is a need to adopt a progressive strategy of revenue generation. That could positively impact on service delivery implementation.

Despite the sizeable number of achievements obtained there were various challenges experienced that need decisive leadership exercise from both politicians and administration. Performance Management System remains a challenge to the municipality, but a positive stance is envisaged to be the answer in all predicaments. The mayor extends a word of appreciation to all those, internally and externally, that have positively contributed to the attainment of the institutional objectives towards sustainability of citizenry needs.

Thanking you for your unwavering support.

.....

T. Sabisa  
(Mayor)

### **The yearly program priorities' statement by the Municipal Manager**

- The Municipal Performance Management System Framework was tabled and approved by the council in January 2011 though it has not yet been put into effect in terms of its impact to the SDBIP (Service Delivery Budget and Implementation Plan). The Municipality had engaged the services of the OR Tambo District Municipality and we are still waiting for them to assist us in implementation and dissemination of the Performance Management System, starting from policy development.
- The municipality has entered into Five (5) year Performance Agreements with Six (6) Section 57 employees viz. The Municipal Manager, Community Services Manager from 01 August 2007, Strategic Manager from 01 February 2008, Corporate Services Director from 01 March 2008, The Chief Finance Officer and IBS Manager from 01 October 2008
- The financial strength of the Municipality, Municipal revenue growth and revenue collection remain one of our key challenges in moving forward as most of our key activities solely depend on Governmental Grants . We have engaged the services of private service provider to assist the Municipality and also transfer of skills to our employees.
- The Solid Waste Removal function still needs substantial capital injection to address service and environmental compliances.
- The capacity issue in most municipal departments continued to undermine the level of service delivery. We have prioritised Skills Development as key in our future plans and we have now moved a long way through DBSA who conducted a number of workshops to our employees, to mention but few, Supply Chain Management, Risk Management etc.
- Funding constraints continue to affect our municipality negatively. Mhlontlo municipality has substantial backlog regarding the construction of access roads and bridges.
- Some essential governance structures such as the Internal Audit , Risk Management functions were not in place despite their importance but they are now existing and functional. Accordingly, our internal control environment is now taking a good shape of course with the assistance of the above-mentioned governance structures. Though the Audit Report is not yet finalised by the Auditor General, the municipal administration is now in the process of developing action plan based on Auditor General draft report.

.....

Y.N.Ndima  
(Municipal Manager)

## Overview of the Municipality

### SITUATIONAL ANALYSIS

#### Description of the Locality



**Source:** Municipal Demarcation Board

Mhlontlo Local Municipality is a B4 rural Municipality incorporating Qumbu and Tsolo rural towns. It lies on the North East side of the Eastern Cape Provincial border alongside the N2 route between Mthatha and Mt. Frere and R396 between Tsolo and Maclear. It is bordered by King Sabata Dalindyebo Local Municipality to the South, Nyandeni Local Municipality to the East, they are under the OR Tambo District Municipality, Elundini Local Municipality to the West which is under the Joe Gqabi District Municipality and Umzimvubu Local Municipality to the North which is under Alfred Nzo District Municipality.

Mhlontlo Local Municipality was established in terms of section 12 of the Local Government Municipal Structures Act (Act 117 of 1998). As a result of this act two Transitional Local



Councils, Qumbu TLC and Tsolo TLC and their respective Transitional Councils were dis-established to form one Municipality-Mhlontlo Local Municipality. It is one of the seven municipalities that constitute OR Tambo District Municipality which falls under the Province Eastern Cape. The municipal area covers 282, 614km<sup>2</sup> and has a population density of 73.3 people per km<sup>2</sup>.

## Settlement Patterns

### Spatial Dynamics

About 96% of the Municipal Population live in rural areas with the remaining 4% found in urban areas. Spatially, the municipality incorporates two main urban centres namely Tsolo and Qumbu. While most rural settlements are characterised by large uneven and low level of services, peri-urban and settlements near major intersections and on major routes have developed into rural service nodes.

### Household number and Density

**Table 1** below indicates that in 2008 the total number of households stood at 44,494; increase of 15% from 37,623 thirteen years earlier, at an average rate 1.2 per annum. In the same period the number of households per km<sup>2</sup> has also increased from roughly 13.3 in 1995 to 15.8 in 2008. Another noteworthy observation is that the household size has stayed the same for the last eight years following its marginal decline from 4.9 in 1995 to 4.7 in 2000.

**Table 1: HH Dynamics**

Year	1995	2000	2005	2008
<b>Household total</b>	37.623	42.602	44.155	44.494
<b>Population Density (People per Sq Km)</b>	64.9	70.9	72.9	73.3
<b>Household Density (Household per Sq Km)</b>	13.3	15.1	15.6	15.8
<b>Household Size</b>	4.9	4.7	4.7	4.7

Source: ECSECC

### Dwelling Type

Consistent with the rural nature of the municipal settlement, **table 2** below shows the traditional structures as the predominant (71% of households) form a dwelling. Similarly, it is important to take of the fact that the number of Traditional Dwellings has increased by 25% from 25, 000 in 1995 to 32% in 2008. For the same period the number of town houses has increased by 209% making it the fastest growing type of dwelling. Alongside the growth of the two dwelling has the municipality has also experienced a 60% increase in the number of informal/shack dwelling while shacks in the backyards have also increased by 29%. At the

same time, brick structures on the separate stand as well as houses/flats in the backyards have declined 6% and 29% respectively.

**Table 2 : Number of Households by Dwelling Types**

	1995	2000	2005	2008
House or brick structures on a separate stand or yard	7.803	7.570	7,439	7.341
Traditional dwelling/hut/structure made of Traditional material	25,496	30,202	31,538	31,768
Flat in a block of flats	752	1,031	1,115	1,133
Town/cluster/semi-detached house (simplex, duplex & triplex)	53	129	157	166
House/flat/room in backyard	1,270	1,013	929	900
Informal dwelling/shack in backyards	406	417	477	522
Informal dwelling/shack, not in backyard e.g. in an informal/squatter settlement	1,015	1,264	1,487	1,623
Room/flatlet not in the backyard but on a shared property	347	350	348	345
Other/unspecified/NA	468	610	636	657
<b>Total</b>	<b>37,609</b>	<b>42,588</b>	<b>44,127</b>	<b>44,455</b>

Source: ECSECC

## Demography and Population Flows

### Number of People

As shown in **Table 3** below, in 2007 there were 237 136 inhabitants within the Mhlontlo Municipality. This number represents a total increase of 20,5% (40 333 people) since 2001 at an annual rate of roughly 2,84%. At this rate, Mhlontlo grew at almost twice the rate of OR Tambo District. The Mhlontlo population growth is also comparatively higher than the Eastern Cape Provincial Population which by 2007 grown by 11,1%. Black constitute 95.5% of the total population while the coloured and Indians/Asians are less than 1%

**Table 3: Population Growth by Mhlontlo Municipality, (2001 – 2007)**

MDB Name	Name	Total population 2001	Total population CS2007	Population change 2001-2007	% Growth 2001-2007
<b>EC 156</b>	Mhlontlo Local Municipality	202850	237138	34288	14.4

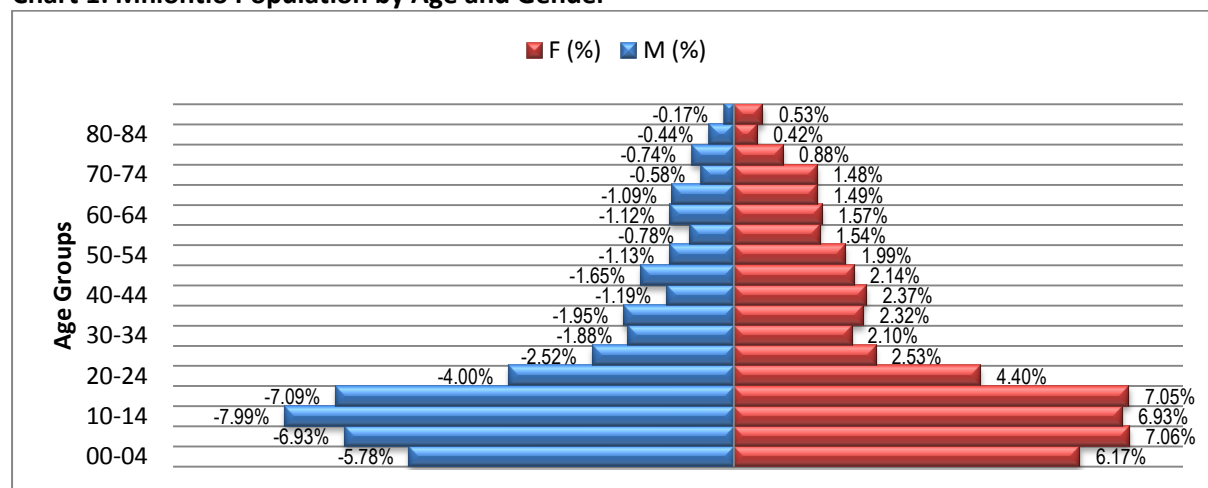
Source: MDB – 2008

The Comparatively high population growth suggest that municipality has experienced positive net migration. While it is not immediately clear why the municipality is experiencing high population growth rate, this is nonetheless significant since it indicates a high propensity of Mhlontlo population to remain within the municipality rather migrate to areas with higher economic potential.

## Population Age and Gender Structure

According to the Community Survey (SSA, 2007), and in keeping with the general National trends, women constitute the majority (52,98%) of the Mhlontlo population. **Chart 1** below indicates that 40,85% of the population is below age 14; about 23,16% are between 15 and 34 years of age while those age between 35 and 64 years constitute 19,76% of the population. These figures also indicate that children and youth (from birth to age 34) constitute the majority (64,02%) of the population.

**Chart 1: Mhlontlo Population by Age and Gender**



Source: SSA-2007

## HIV/AIDS

HIV/Aids has an effect of reducing household savings both in absolute terms and as a percentage of household income. It is also likely to change financial planning as well as the composition of the household expenditure. It lowers the life expectancy, which, in turn, results in poor investment in retirement while medical costs as a percentage household expenditure can be expected to increase. The cumulative effect is the reduction in household and government savings which, in turn, results in reduced investments, less productive employment, lower incomes and slower of gross national product.

Due to its high prevalence among the economically active populations, HIV/Aids has an effect of reducing both quantity and quality of available labour. The death of household head is also considered to have intergenerational consequences, which include lower level of educational attainment. Social capital costs manifests in a form of disruptions and erosion of social networks and traditional support mechanisms.

According to ECSECC data, in 2008, roughly 18,550 people (9%) of the population are living with HIV/Aids. About 0.8% of those HIV/Aids are children (age between 0 and 14) while roughly half (4.8%) are between the age of 15 and 34. The fight to combat HIV/Aids pandemic is two-fold namely; prevention and also mitigation of its adverse effects.

## Socio-economic Development

### Number of Adults by highest Level of Education

Education is known to expand the range of options from which a person may choose and thus creates opportunities for a fulfilling life. It satisfies the basic human need for knowledge and skills. It provides a means of meeting basic needs, provided that adequate employment opportunities exist, and also helps sustain and accelerate overall development. The level of education of the population in the region influences its welfare through the indirect effects on health, fertility and life expectancy. Education helps to increase the value of other forms of social and physical investment.

According to ECSECC data 2008, roughly 43, 000 or 21% of the adult population has formal education. Another 134,000 or 65% has not gone beyond grade 12 or matric. While figures on gross enrolment, drop out, and pass rates are not immediately available, it can be reasonably concluded that the low level of formal education are due to high drop out rate which is a result of mainly a combination of:

**Poor Access to School:** the number of schools, their location and quality of infrastructure.

**Social Factors:** High rates of income poverty, teenage pregnancy, HIV/Aids prevalence.

A significant number (40%) of the population is below age of 15 and therefore of school-going age. Giving this area more attention provides the municipality with an opportunity to drastically improve the general levels of education in the near future. A secondary challenge however, is the ability to create sufficient opportunities to fully absorb the throughput from the schooling system with the local municipality.

### Literacy Rates

An indirect impact of low education levels is poor rates of functional literacy. Defined as the proportion of persons aged 20 and above that has completed grade 7, functional illiteracy refers to the ability of the individual to use reading, writing and computational skills efficiently in everyday life situations. An increase in the basic literacy skills audits as a positive effect on any economy. Functionally illiterate people are unlikely to take advantage of the opportunities that are thrown up by the permeation of the information and communication technologies (ICTs).

Research has found that, adults with better literacy skills are more likely to be employed, and earn more, than those with poorer literacy skills, even when taking account of other factors which affect work performance.

**Table 4: Illiteracy rate Mhlontlo Municipality**

Municipality	1995	2000	2005	2006	2007	2008
Mhlontlo Local Municipality	52.7	48.2	47.4	47.5	47.6	47.3

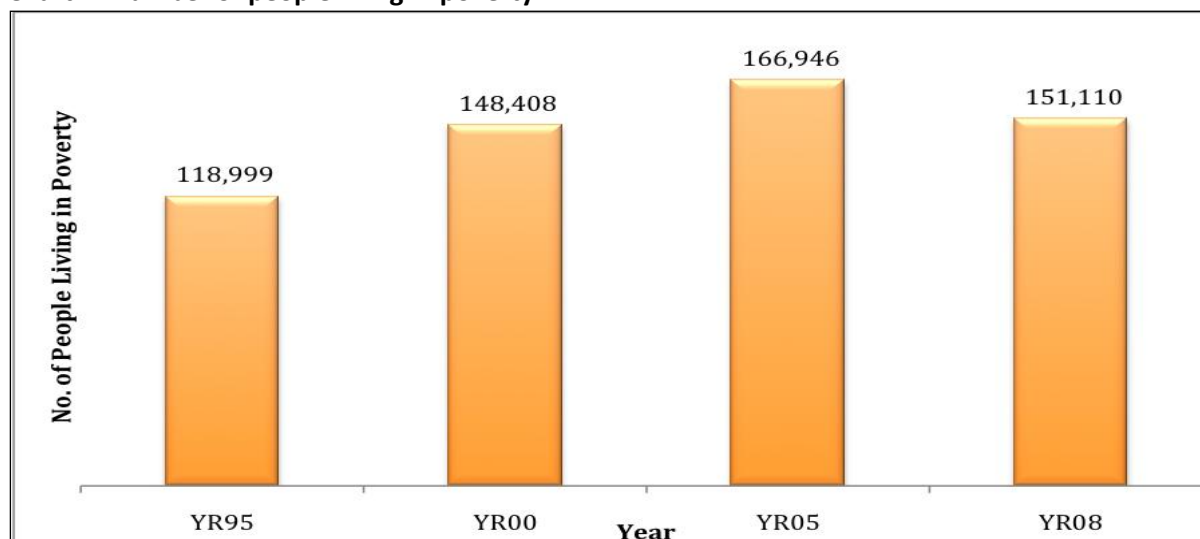
Source: ECSECC

As shown in **Table 4** above, the illiterate population comprised roughly 47% in 2008 which represent a 10% decline in thirteen years since 2005 when it stood at 53%. While any progress is laudable, the rate (0.8% per annum) at which the illiteracy is declining is disappointing.

### poverty and Social Inequality

According to the NSDP(2006) poverty is defined as the minimum monthly income needed to sustain a household. **Chart 2**, below indicates that a total of 151,000 people or 73% of the population lives in poverty. Although poverty has decreased since when it reached 81% of the population, it has worsened compared to 1995 when it stood at 65%.

**Chart 2: Number of people living in poverty**



Source: ECSECC

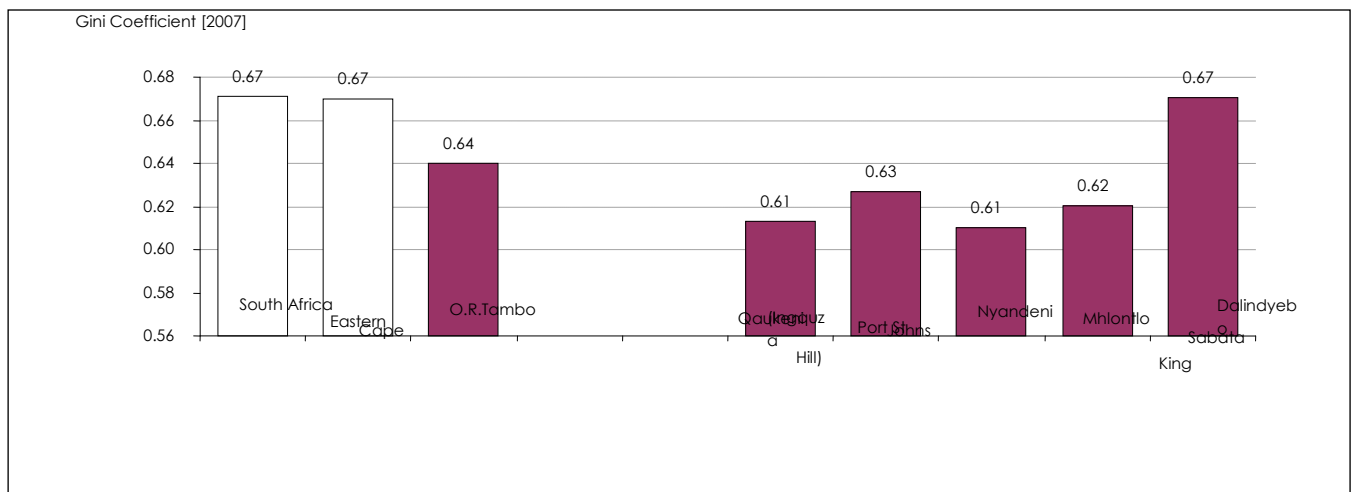
Halving poverty by 2014 is the policy goal of South African Government. Attaining this goal requires better targeting, effective coordination and integration of poverty intervention programmes across all spheres of government. This, in turn depends on the ability to understand both the causes, manifestations, spatial characteristics and impact of poverty across age gender of poverty. This increase the number of people living in poverty suggests that, the current interventions are yet to make desired impact.

### Gini Coefficient

The Gini coefficient is a summary statistic of income inequality, which varies from 0 (in the case of perfect equality where all households earn equal income) to 1 (in the case where one household earns all the income and other households earn nothing). A low Gini coefficient indicates more equal income or wealth distribution, while a high Gini coefficient indicates more unequal distribution. In practice the coefficient is likely to vary from approximately 0.25 to 0.70.

**Chart 3** below shows that Mhlontlo municipality had a Gini Coefficient of 0.62 in 2007 which is also the third highest within the OR Tambo district after King Sabata Dalindyebo, Ntabankulu, and Port St. Johns. The Mhlontlo coefficient is however lower than the respective levels for national, (0.76), Eastern Cape (0.67) and OR Tambo which are 0.64. The deduction from this data is that, seen in comparison to other spheres of government, income inequality is not a major development challenge for the municipality.

**Chart 3: Gini Coefficient**



**Source: Global Insight**

### Human Development Index

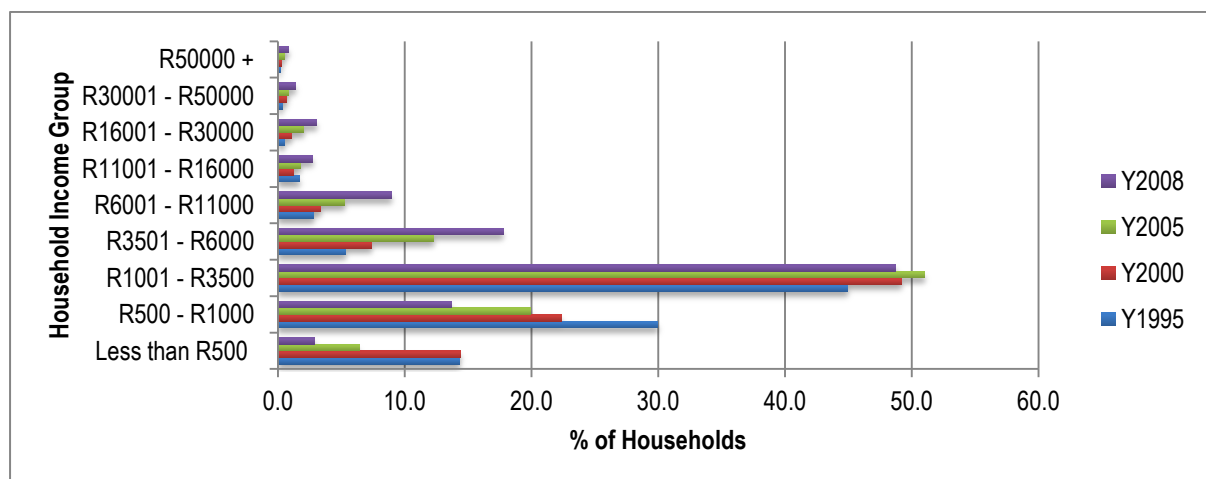
The Human Development Index (HDI) is a composite, relative index that attempts to quantify the extent of human development of a community. It is based on measures of life expectancy, literacy, and income. It is thus seen as a measure of people's ability to live a long and healthy life, to communicate, to participate in the life of the community, and to have sufficient resources to obtain a decent living. The HDI can assume a maximum level of 1, indicating a high level of human development, and a minimum value of 0.

In 2008 Mhlontlo the municipality has the second highest HDI (0.42) within the OR Tambo District Municipality. Critically however is the observation that, although the HDI has increased since 1995, in 2008 it remains at the same levels as 2005. The challenge facing the municipality is to ensure a continuous improvement of this index by among other things expansion of economic opportunities as well as improved access to quality education and training.

### Households income level

Levels of household income are important indicators of the extent of poverty within the municipality. **Chart 4** below shows that in 2008 a little less than half of the households (49%) earn between R 1,001 and R3,500 compared to 17% who were earning less than R1,001 during the same period. Also worth noting is that the percentage of households earning between R1,000 and R3,500 has grown by 8% in the 13 years since 1995 while those in R16,0001 and R30,000 grew by 84% in the same period. These figures reinforce the widely held observation that while the income of the lowest earning households has improved considerably, the growth of the highest earning households has grown at faster pace.

**Chart 4: Household Distribution of Income Groups (%)**



Source: ECSECC

## State of the Economy

### GDPR Size and Growth

Gross Domestic Product is a measure of the total economic activity occurring in a specific region. According to ECSECC the size of the municipal GDP has grown by 66% since 1995 from R898 million R1.4 billion at basic 2000 prices. It accounts for 0.1% of the national GDP; 0.7% of the Eastern Cape and 7.7% of OR Tambo GDP. The economy has more than doubled in the 13 years.

### Strategic Economic Sectors

#### i. Agriculture, forestry and fishing

The municipality economy has a comparative advantage in agriculture and forestry. As shown in Table 5 below, this economic sector's contribution to the local GDP has plummeted 60% from 8 to 3 percentage points in the 13 years to 2008. This dramatic decline is attributable to lack of investment in economic infrastructures such as decent road network, access to electricity, fencing of small scale farms. This state of affairs is also compounded by absence of effective business support services particularly targeted at supporting subsistence farmers.

**Table 5: Agriculture Share of GDPR (%)**

Detailed Economic Sector	1995	2008	% Change between 1995 and 2008
<b>Agriculture forest and fisheries</b>	8,3%	3,3%	-60,2%

Source: ECSECC

**Table 6:** below indicates that about 76% of land cover in the municipality is either degraded or unimproved grassland. Only about 17% is cultivated on a semi-commercial/subsistence basis. About 8% of land cover measuring 21 508 hectares is currently planted with forestry plantations whilst thicket and bush lands measure about 5% of land cover. The urban or built up residential land covers only about 5% of land cover.

**Table 6: Land Cover in Mhlontlo Municipality**

Land Cover Classification	Hectares	% of Total Area
<b>Barren rock</b>	204.60	0.08
<b>Cultivated: temporary - semi-commercial/subsistence dry land</b>	44798.92	16.57
<b>Degraded: unimproved grassland</b>	82218.35	30.41
<b>Dongas &amp; sheet erosion scars</b>	327.95	0.12
<b>Forest</b>	3807.19	1.41
<b>Forest plantations</b>	21508.72	7.96
<b>Improved grassland</b>	8.46	0.00
<b>Thicket &amp; bush land (etc)</b>	8355.43	3.09
<b>Unimproved grassland</b>	96591.38	35.73
<b>Urban / built-up land: residential</b>	12386.86	4.58
<b>Urban / built-up land: residential (small holdings: shrub land)</b>	7.36	0.00
<b>Water bodies</b>	157.28	0.06

Source: Agricultural Research Council (ARC), 2004

**Table 6** underscores the extent of the agriculture potential within the municipal area. The extent of unimproved grasslands indicates the potential for livestock production in particular sheep and cattle. The good climatic conditions, soils, and land abundance also point to the richness of the municipality and potential for high value crops and fruit production. In its assessment report, the ARC (2004) concluded that the production of field crops, maize, grain sorghum and dry bean was feasible, while potential for horticultural products, cabbage and potato production is optimal.

Since the adoption of the current IDP the municipality has engaged in range of initiatives which are aimed at exploiting the opportunities in agriculture. As part of efforts to strengthen capacity to generate scientific knowledge the municipality has entered into a



strategic partnership with the Water Sisulu University's Centre for Rural Development. The municipality also continues to be one of the major beneficiaries of the ASGISA-EC support.

## ii. Forestry

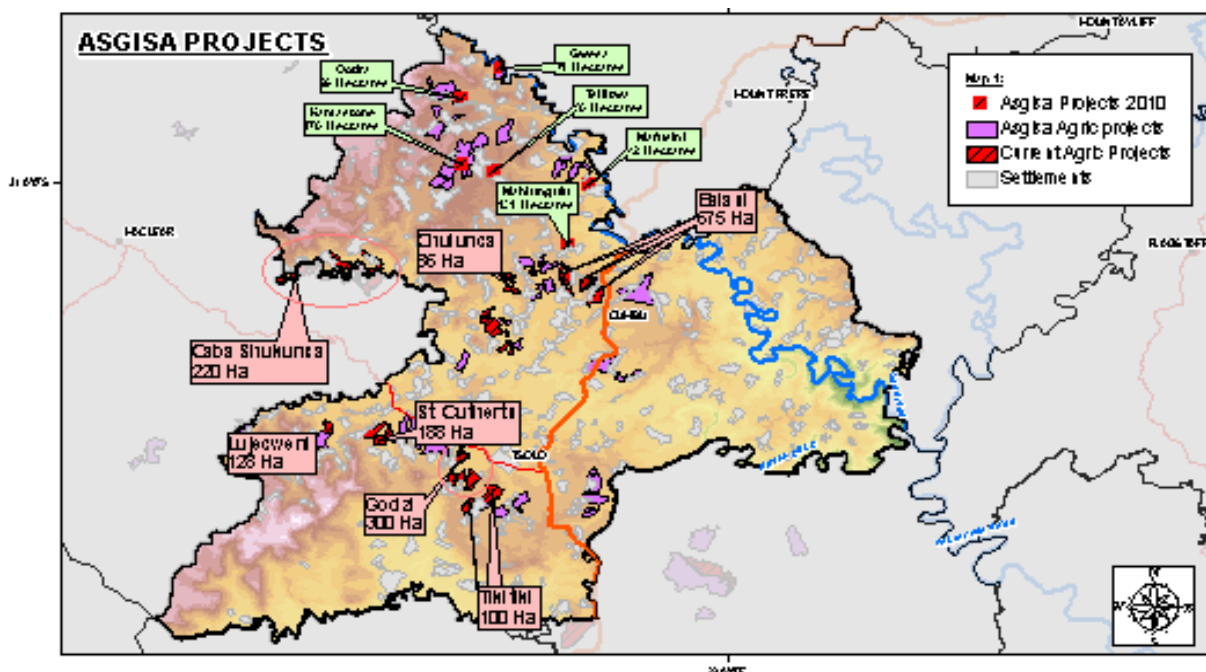
The main businesses located at Langeni includes a saw milling plant operated and managed by Singisi Forests Products, veneering managed by the Eastern Cape Veneers and chipping plant managed and operated by Chip Board Industries Transkei.

There remains a huge potential to attract investments towards value adding enterprises such as furniture-making and other wood manufacturing enterprises. The municipality also needs to position itself to exploit fully the opportunities that will emerge following initiatives such as the development of the Ugie/Maclear/Langeni link road as well as the proposed establishment of the furniture incubator.

Mhlontlo is one of the largest recipient of ASGISA-EC funding support. R23 million has been invested in agriculture and agro-processing in the current planting season alone. The current funding support has targeted the following areas:

Villages	Area under Plantation	Crop Types
Balasi, Tsilithwa, Caba, Shukunxa, Kamastome, Gqwesa, Ethwa, Godzi, Mdibanisweni, Chulunca, Sulenkama, Tiki-tiki, St Cuthberts, Lujecweni.	5 000 ha	Maize and beans

Source: ASGISA-EC



Over the medium term Mhlontlo will seek to increase the area under plantation through the mobilisation of the additional funding required. ASGISA-EC has also identified roughly 3000 ha in the Ethwa block involving ten wards (1, 3, 5, 6, 15, 16, 18, 19, 20 & 21) for forestry and

timber expansion. The objective is to promote independent growers through beneficial partnerships.

The agricultural potential of the municipality remains huge and untapped. Vast tracks of land is lying fallow or at the risk of degrading. The potential for irrigated agriculture is considerably enhanced by the availability of water from local rivers such as Tina and Tsitsa. Provision of irrigation infrastructure as well as effective support services is thus considered a critical step in unlocking the agricultural potential. From the above it is clear that the municipality has an urgent need for major infrastructure investment. In the past 3 years the municipality has undertaken a series of bold measures to address the decline of the agricultural economy in particular. A partnership with ASGISA-EC has resulted in R230 million worth of investment in agricultural and forestry projects. Additional work has also been undertaken in partnership with CSIR to develop an “Integrated Infrastructure Atlas” which is intended to underpin agrarian transformation within the municipality. The Infrastructure Atlas has developed a map of critical infrastructures that are needed to support high impact projects in the both agriculture and tourism sectors.

### **iii. Tourism**

Tourism is made up of a range of economic activities and thus not easy to classify under a single major economic sector. Most of these activities however tend to fall within the Wholesale and Retail Trade Sector (Trade). From the above table it can be observed that the Trade sector’s share of municipal GDP has declined by a dramatic 25% since 1995. Catering and accommodation, both of which are key contributors to tourism outcome have also declined 28% from 0.4 to 0.3 percentage points in the 13 years to 2008.

**Table 7: Wholesale and Trade Sector Share of the GDP**

Detailed Economic Sector	1995	2008	% Change between 1995 and 2008
Wholesale and retail trade	14.4%	10.8%	-25.1%
Catering and accommodation services	0.4%	0.3%	-28.1%

Tourism, which also forms part of the Wholesale and Trade Sector, is identified in the LED Strategy as a priority industry. The municipality boasts natural beauty in the form of waterfalls, rivers, cultural and historic heritage. As shown in **Table 7** above, this sector has also taken a big knock in the last 13 years. In support of the Tourism potential Asgisa-EC has secured funds towards the development of the Ntlangano Conservancy. To enhance integration and efficient resource management Asgisa-EC has further secured funding towards the environmental and land use planning in around the Tsitsa River Basin development and funding for integrated infrastructure Atlas. SMMs data base is in place and trainings are conducted for the SMMs and assistance to register as a cooperative is given to those need

## **Executive Summary**

This report assesses the Mhlontlo Municipality’s performance against planned targets

in terms of the institutional scorecard for the 2010/2011 financial year. As per the requirements of the Municipal Systems Act (32 of 2000) and Municipal Finance Management Act (56 of 2003), the Annual report consists of five components.

The **first chapter** is the introduction and overview which contains the Mayor's foreword, which draws amongst other things a summary of the municipality's performance during this financial year, its priorities for service delivery with established performance targets and measures taken and or to be taken to improve performance. The demographic overview indicates that the Mhlontlo Municipality is a typical rural municipality characterized by huge infrastructure backlogs, inadequate revenue base and limited economic opportunities, high levels of poverty and unemployment and a high incidence of illiteracy, exacerbated by lack of social amenities.

The **second chapter** deals with service delivery highlights and Service Delivery backlogs. It categorises service delivery highlights per local government Key Performance Area (KPA). This section gives a narrative of all services provided by the municipality, including highlighting progress achieved in dealing with service delivery and backlogs. This section also includes information on approval of zoning and building plan applications during the financial year.

The **third chapter** reports on the substantial progress made by the Mhlontlo Municipality regarding Human Resources and Organisational Management. It provides a detailed analysis of human resources capacity of the municipality as well as an overview of the systems and processes being implemented to ensure that human and organizational resources are managed in an effective and efficient manner.

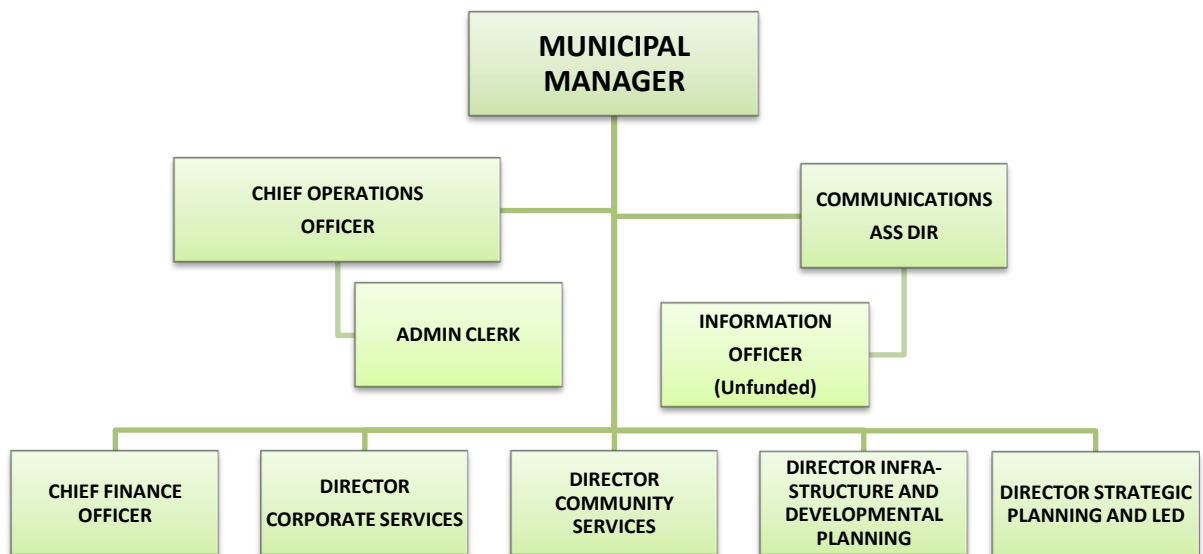
The **fourth Chapter** provides the Annual Financial Statements and related financial information for the year ended 30 June 2011.

The **Fifth Chapter** provides information that shows overview, description and analysis of each function provided by the municipality. This includes the performance of the municipality against set targets.

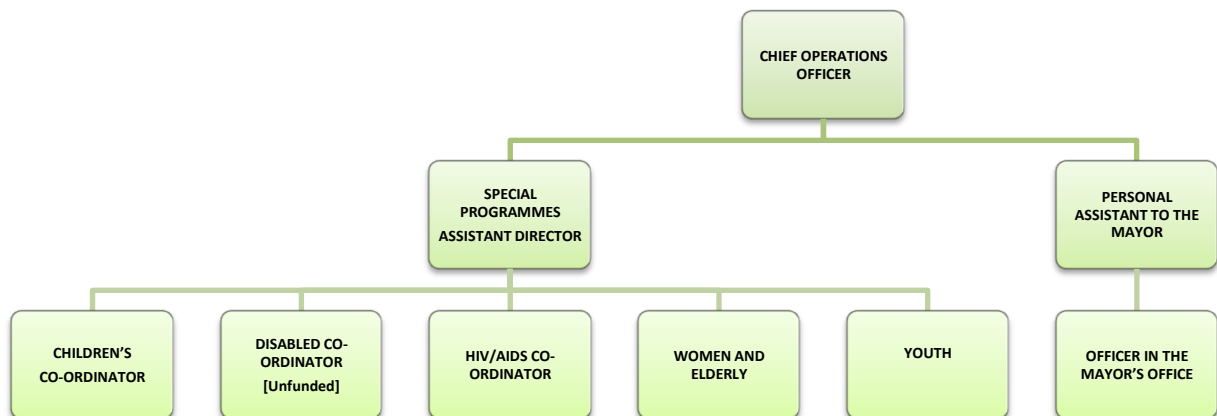
## **HUMAN RESOURCE AND OTHER ORGANIZATION MANAGEMENT**

### **1.1 Presentation of the organizational structure (approved organogram)**

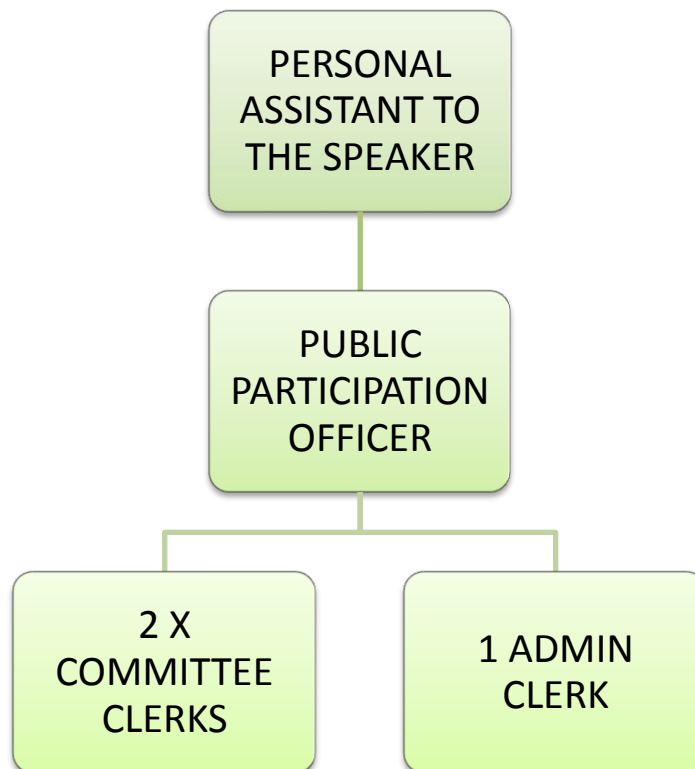
# **MANAGEMENT 2010/11**



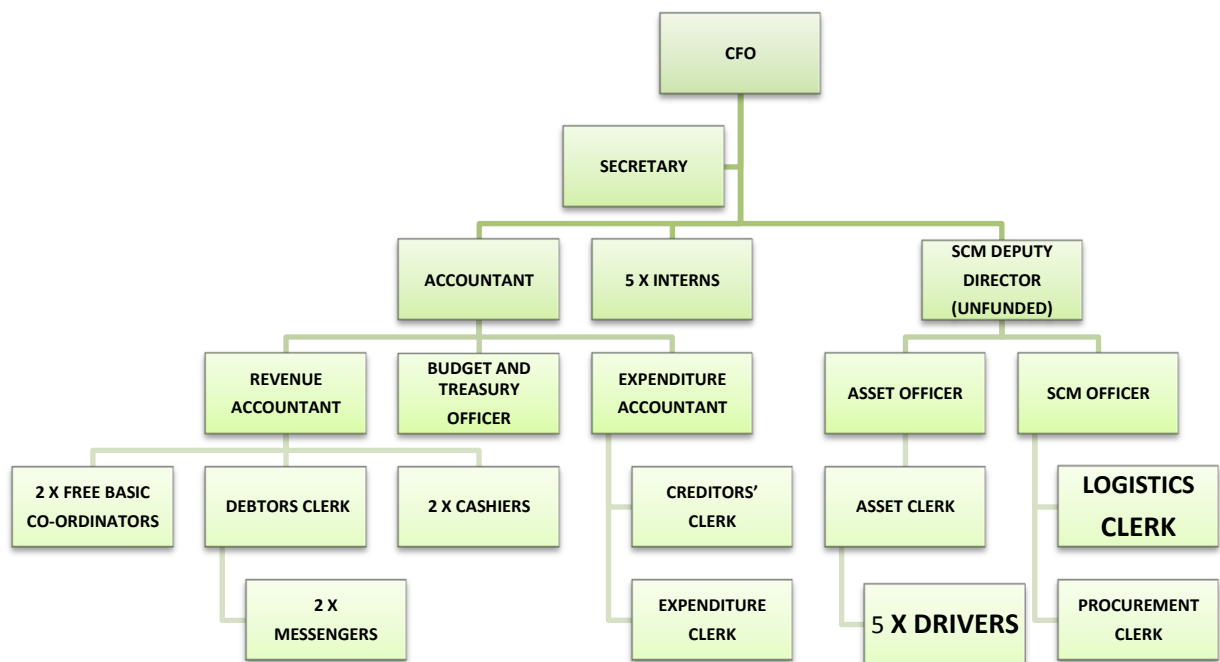
# **MAYOR'S OFFICE 2010-2011**



## **SPEAKER'S OFFICE 2010-2011**

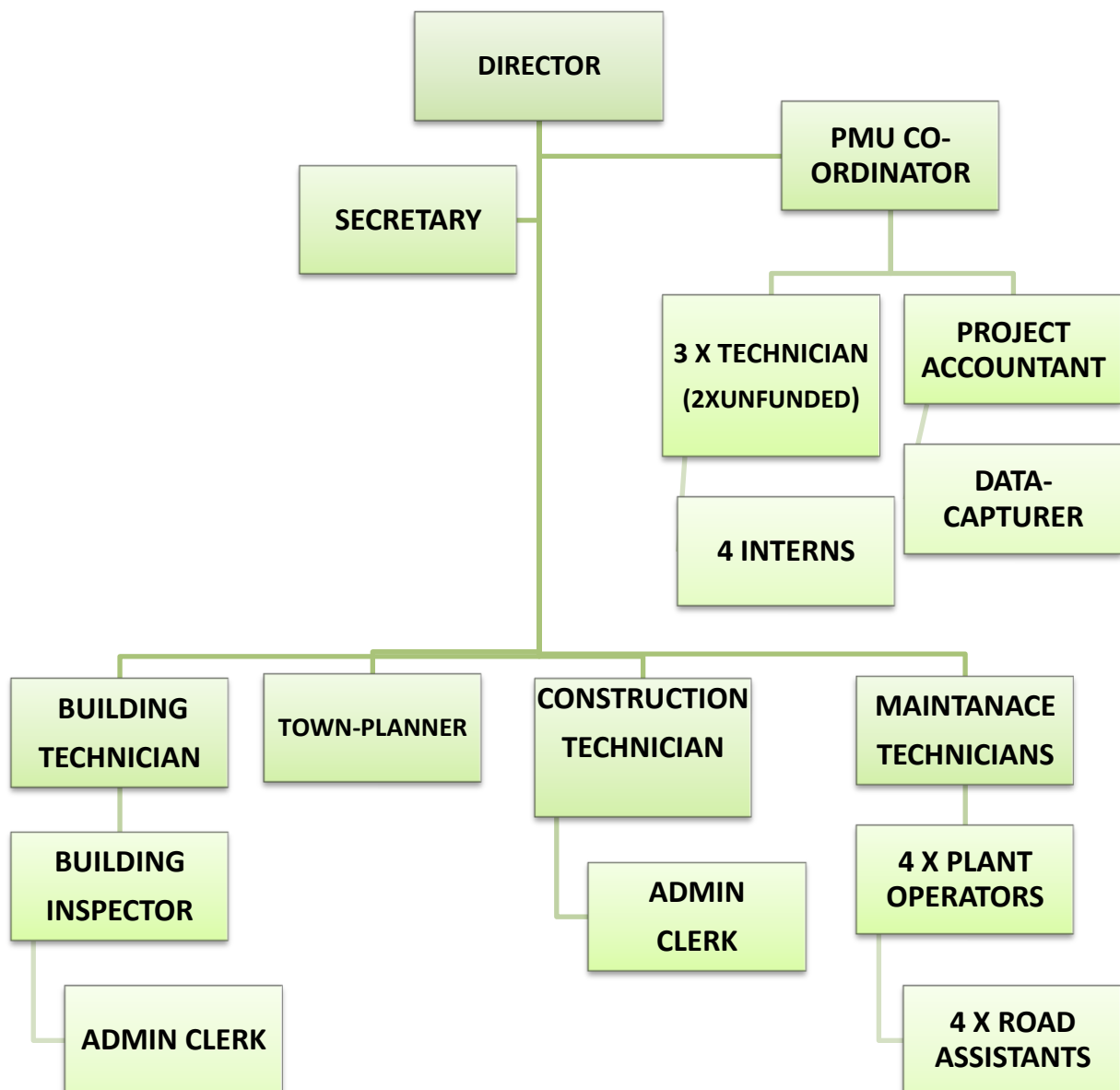


## **BUDGET AND TREASURY OFFICE 2010-2011**



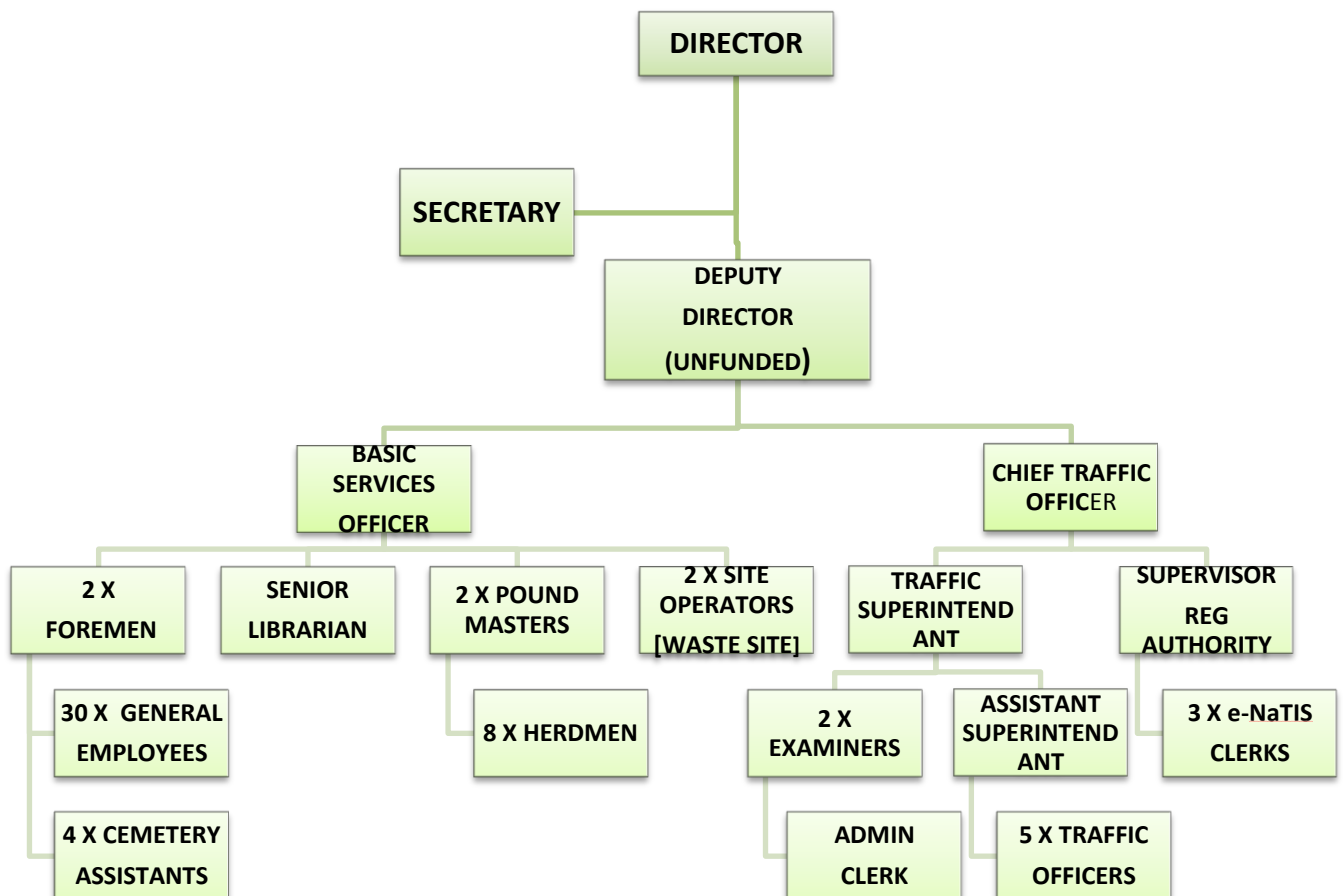
# INFRASTRUTURE DEVELOPMENT AND PLANNING

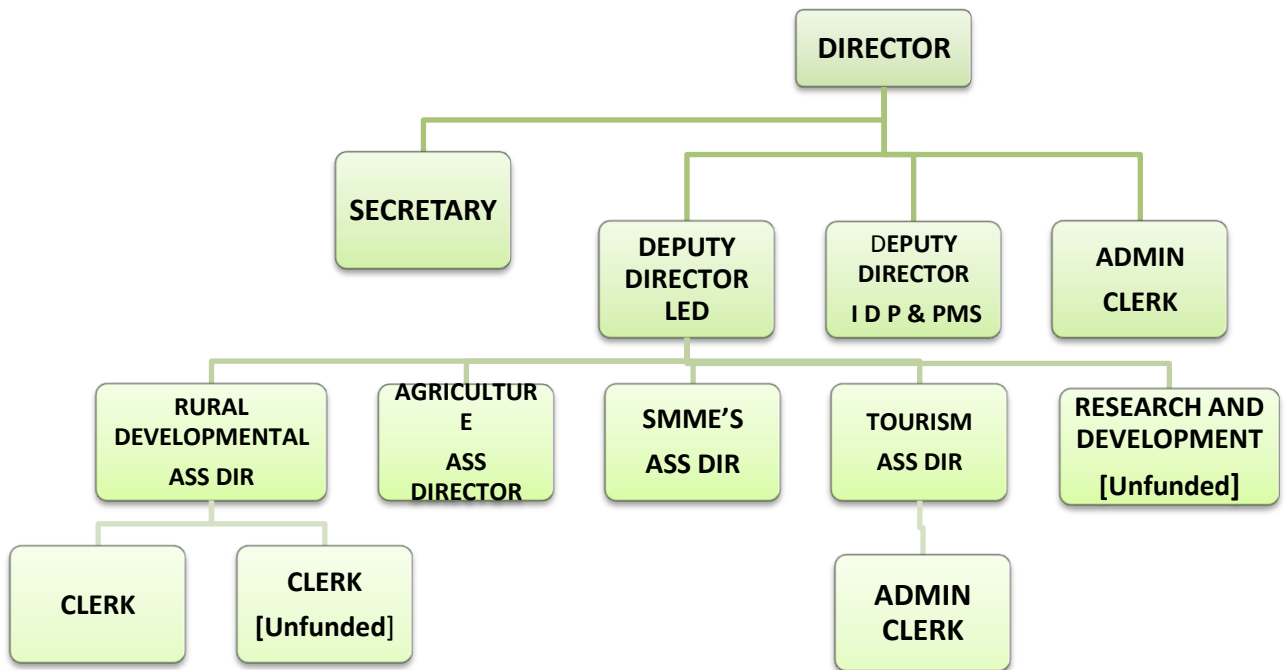
## 2010-2011

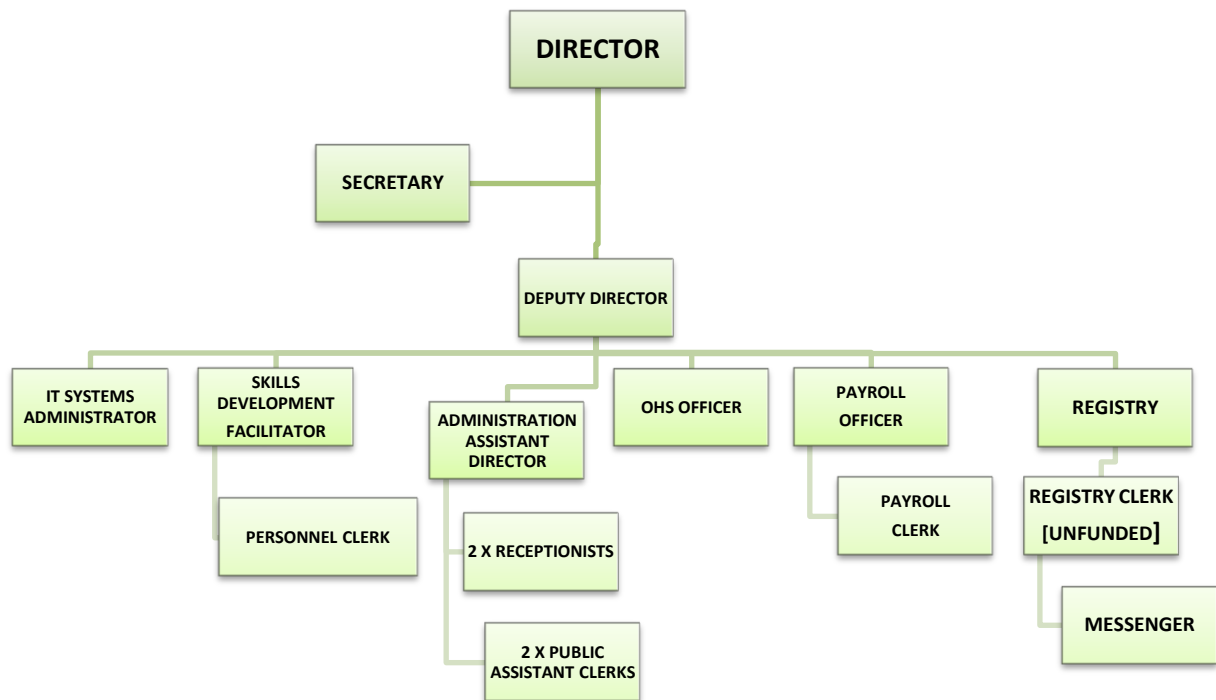




# COMMUNITY SERVICES 2010-2011







## 1.1

- The total number of approved posts of the entire institution is 168  
The total number of posts increased due to priority changes in the IDP and Strategic Objectives of the institution.
- The total number of vacant posts is 38
- Six performance agreements and employment contracts of Municipal Manager and Section 57 managers were signed and submitted to the Department within the prescribed time frame.

## 1.2 Staff development initiatives during the Financial Year

- The municipality trained 105 ward committees on 5 days Social, Community, Economic development and planning training.
- 12 Municipal employees enrolled with University of Fort Hare on Municipal performance Management 5 day training.
- 4 employees attended 3 day training on Payroll Principles.
- 3 employees i.e. Technical PMU Coordinator, HIV/Aids coordinator and Skills development facilitator (HR) attended 3 days training on employee wellness in the workplace programme.
- 2 employees attended 12 month Local Government accounting practices.
- 3 Employees enrolled on 12 month Municipal Finance Management programme.
- 2 Technical employees attended 6 months training on Municipal Housing Management(university of Pretoria)
- COGTA head Office trained 2 employees on Gap skills for 2days.
- 2 Employees attended 4 day training on Housing Support Programme.
- 4 Municipal Employees attended 4 days training on Payroll report writing.
- 2 Technical Employees attended 3 day training on Mentored Workshop for Housing Officials.
- Director and 3 employees attended a 3 day Strategic Payroll Practices and Salary Admin.
- 1 Municipal official attended 6months ODETDP training skills and
- 10 Municipal Officials are currently enrolled on 15 days Municipal Finance Management Programme which is supposed to be finished in 2011/12. With the help of COGTA funding HR Strategy in place awaiting approval of the Councillors. Workplace skills plan has been submitted to LGSETA and is in place.

### 1.3 Key HR statistics per functional area

#### 1. Full time staff complement per functional area

##### a. MM/Section 57 and Line Managers

	Approved positions	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Municipal Manager	1	1	0
2	Section 57 Managers	6	6	0
3	Deputy Directors	7	7	0
4	Assistant Directors	36	34	2
5	Other Staff members	119	83	36
	Total	168	130	38

##### b. Staff complement in the technical services

	Infrastructure and Basic Services	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Director Infrastructure and Basic Services	1	1	0
2	Deputy Director/PMU Coordinator	1	1	0
3	Assistant Directors	4	3	1
3	Technicians	5	3	2
3	Other Technical Staff	16	7	9

## 2. Technical staff registered with professional bodies

Technical Service	Total number of technical service Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
Nil	Nil	Nil	nil	

## 3. Levels of education and skills

Total number of staff	Number of staff without Grade 12	Number of staff with Senior Certificate only	Number of staff with Tertiary/accredited professionals training
130	32	26	72

## 4. Trends on total personnel expenditure

Financial Years	Total number of staff	Total approved operating Budget	Personnel expenditure (salary and salary related)	Percentage of expenditure
2010-2011	130	R 151 591 055	R 39 840 358	55%

## 5. List of pension and medical aids to whom employees belong

Names of pension fund	Number of members	Names of medical Aids	Number of members
Provident Fund	18	Bonnitas	73
Liberty Life	29	LA Health	1
Old Mutual	56	Key Health	11
Sanlam	25	Hosmed	7
Metropolitan Life	7	SAMWU Med	14

#### 1.4 Senior officials' wages and benefits;

Municipal Manager	R 826 090.00
Manager Technical Services	R 761 881.00
Chief Finance Officer	R 761 881.00
Director Community Services	R 761 881.00
Director Corporate Services	R 761 881.00
Strategic Manager	R 761 881.00

#### 1.5 Implementation of the Performance Management System (PMS):

Performance Management System Framework is in place and was submitted to the Council for Adoption, Council Resolution No. 06-31/03/2008 has reference.

#### 1.6 Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	168	130	77.4%	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	6	6	100%	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	6	6	100%	
4	Percentage of Managers in Technical Services with a professional qualification	1	1	100%	

5	Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only)	OR Tambo			
8	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term		92	71%	
9	Percentage of councillors who attended a skill development training within the current 5 year term	44	44	100%	
10	Percentage of staff complement with disability		2		
11	Percentage of female employees		40	31%	
12	Percentage of employees that are aged 35 or younger		79	61%	

### **1.7. Major challenges and remedial actions in regard to human resource and organizational management**

#### **CHALLENGES:**

- ❖ Limited access to the budget and sometimes limited information make it uneasy to plan which has to be core function in the department especially since trainings are done here.
- ❖ Human Resource Systems that are still in manual form.

#### **REMEDIAL ACTIONS:**

- Clear delegation of duties that are core functions of the Department.
- Well competent personnel to perform /achieve the core functions of the Department.
- Well placed personnel to give /perform the assigned duties effectively & efficiently.
- Promotion of team building/Work within the personnel/Institution
- Employee and Councillor Training



## Chapter 2: Basic Service delivery performance highlights

### 2.1 Water services

#### a. Water services delivery strategy and main role-players:

The water services is the function of the District Municipality and have two satellite offices in Tsolo and Qumbu where we refer all the enquires and queries for their attention.

#### b. Levels and standards in water services:

This information can be obtained from the District Municipality since Mhlontlo LM is not in the position to know the status quo of all the projects implemented by the DM. Mhlontlo LM is receiving queries and complaints about the unavailability of services in their areas.

#### c. Annual performance as per key performance indicators in water services

This function was devolved to the District Municipality.

Water Services Backlogs as per the O.R.Tambo 2010/11 Annual Report

Water Service Backlogs 2010/2011	
Total Households	49 862
Households with access to water	19 596
Households with access to water in %	39.3%
Households below basic level of service/ backlog	30 266
Households without access to water in %	60.7%

#### d. Major challenges in water services and remedial actions

The challenge is that of coordination of meetings between the DM and Mhlontlo LM for the scrutiny of the challenges in our communities. The meetings still happen on an ad-hoc fashion or when the community is raising dissatisfaction in this area.

## 2.2 Electricity services

### a. Electricity services delivery strategy and main role-players

Mhlontlo LM is working hand in hand with Eskom and DOE, the backlog has decreased to 5424 households. We will concentrate to the extensions after the completion of 5424 households that need to be addressed.

### b. Level and standards in electricity services

Mhlontlo LM consists of two small towns which is Qumbu and Tsolo, there are street lights and high mast lights in these two areas and they are maintained yearly. The reports are obtainable from the Eskom and DOE.

### c. Annual performance as per key performance indicators in Electricity services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the term under review (actual numbers)	Number of HH/customer reached during this financial year	Percentage of achievement during this financial year	Remarks performance variation
1	High Mast Lights	1748 total number of household expected to benefit	150 households (actual number) of estimated backlogs	0 targeted for the year under review	1748 number of HH reached	100%	Maintenance is ongoing due to problems given by the High Masts Lights. Additional High mast Lights to be constructed.
2	Electrification of three Wards, 13, 10 & 01. Phase 1	5537 total number of household expected to benefit. Total number of households of the project called Qumbu Tinasfalls Tsolo phase 8. Starting from the financial year 2009/2010 and 2010/2011. Total number of H.H = 4141 for ward 13 and 10. Total number of H.H 1393 for ward 1.	576 households (actual number) of estimated backlogs	5537 targeted for the year under review	5537 number of HH reached	99% complete. The construction stage has been completed. the contractor is busy with the outages	The programme has been rolled over to 2011/2012 financial year due to the problems that occurred on site, i.e. DoE never transferred the money to Mhlontlo Municipality, and as a result the contractors vacated the site, and came back after 4 months.
3	Electrification of Tsolo Phase 6 (A & B)	913 total number of household expected to benefit	14 871 households (actual number) of estimated backlogs	913 targeted for the year under review	913 number of HH reached	100%	The programme has done 100% and they moved to the next phase.
4.	Qumbu RDP houses	380 connections	0	380	380	100%	Project completed

							2010/ 2011 financial year.
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d. Major challenges in electricity services and remedial actions

The main challenge is budget though that seems to have been addressed and the progress is visible on the ground. Also the issue of extensions is becoming a backlog since there is very slow progress in addressing this problem. As the Municipality we are responsible for maintaining High mast and Street lights, which is done when the need arises.

e. Remedial Solutions

Mhlontlo technical team engages with the service providers during design stage, so as to avoid neglecting vital information in specific projects. Customer care services from Eskom to conduct awareness campaign to minimise vandalism.

## 2.3 Sanitation

a. Sanitation services delivery strategy and main role-players

The Sanitation services is the function of the District Municipality and have two satellite offices in Tsolo and Qumbu where we refer all the enquires and queries for their attention.

b. Level and standards in sanitation services

This function was devolved to the District Municipality.

Sanitation Backlogs as per the O.R.Tambo 2010/11 Annual Report

Sanitation Backlogs 2010/2011	
Total Households	49 862
Households with access to sanitation	16 646
Households with access to sanitation in %	33.4%
Households below basic level of service/ backlog	No verifiable information

Households without access to sanitation in %	No verifiable information
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c. Major challenges in sanitation services and remedial actions

The challenge is that of coordination of meetings between the DM and Mhlontlo LM for the scrutiny of the challenges in our communities. The meetings still happen on an ad-hoc fashion or when the community is raising dissatisfaction in this area.

## 2.4. Roads- Construction and Maintenance

a) Roads Construction service delivery strategy and main role-players

The Municipality plays a pivotal role in the whole community to construct and maintain Access Roads and Road Black Top Surfacing to ensure swift mobility from and to different nodal points. The MIG and ES actual assist with the funding in ensuring that roads which are prescribed to be constructed and maintained by the LM are implemented. The Service Providers actually do the implementation of the projects and have a responsibility to ensure the high standard of work. The Municipality ensures and monitors that the monetary value and the standard of work do tally each other in any of the projects undertaken within the area of jurisdiction of the Municipality.

The Department of Roads and Public Works did not improve by constructing or rehabilitating any of our District roads this financial year. The difference was last seen in 2009/2010 FY with area wide that was introduced.

b. Level and standards in roads construction services

Our roads are in a very bad condition, Mhlontlo LM has managed complete certain length of the roads and low level bridges to better standard. Mhlontlo must prepare asset register that is able to address backlogs and status quo of our infrastructure.

c. Annual performance as per key performance indicators in roads construction and maintenance services.

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	50 935	37435	2 896	2 896	100%
2	Percentage of road infrastructure requiring upgrade	50 935	49 187	1748	1748	100%
3	Percentage of planned new road infrastructure	35 345	15 590	35 345	0	0%

	actually constructed					
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	1748 397	49 187 50 538	1748 397	1748 397	4.0% 1.0%

#### d) Major challenges in Roads construction and maintenance services and remedial actions

The Municipality has challenge with backlog in new roads construction and in maintenance of the constructed roads in Mhlontlo. Budget is the biggest issue since the Municipality is only depending on Municipal Infrastructure Grant for capital projects and small percentage on equitable share programme for maintenance of the roads infrastructure. The underperformance of contractors on site is a challenge since our surfaced roads have taken the longest duration as compared to the estimated time frame. This is due to the emerging contractors employed and lack of experience in construction of surfaced roads, also the small available budget for these surfaced roads.

#### e) Remedial Actions

We have completed business plans in Qumbu and Tsolo towns. The business plans comprise of improving our roads from gravel to surfaced roads. Also includes walkways parallel to the proposed roads and storm-water drainage, but there continues to be budget constraints in this area.

## 2.5. Waste Management

<b>WASTE MANAGEMENT</b>						
Mhlontlo Local Municipality is responsible for waste collection, transportation and disposal of waste to the landfill site. The Municipality uses one registered and licensed landfill site in Qumbu where all waste is disposed. Mhlontlo Municipality uses the Integrated Waste Management Plan that was compiled by OR TAMBO District Municipality.						
<b>Refuse removal</b>						
Backlogs to be eliminated (41354 receiving the minimum standard service)		R402 000	R402 000			
Backlogs to be eliminated (0.9%: total HH identified as backlog/total Number of HH in the municipality)	R3m					
Spending on new infrastructure to eliminate backlogs (R2m)	R2m	R2m	R2m			
Spending on renewal of existing infrastructure to eliminate backlog (R402 000)	R402 000	R402 000	R402 000			
Total spending to eliminate backlogs (R2 402 000)	R2 402 000	R2 402 000	R2 402 000			
Spending on maintenance to ensure no new backlogs (R402 000)	R402 000	R402 000	R402 000			

## 2.6 Housing and town planning

**Municipality:** Has the power to administer housing matters and all other related matters like building regulations, municipal planning and the provision of services. Main roles are:

- Municipalities must initiate, plan, coordinate and facilitate appropriate housing development within its jurisdiction through its Housing Sector Plan
- It must prepare its housing strategy and set out its housing delivery goals
- It must set aside, plan and manage land for housing development.
- It must create a financial and socially viable environment conducive to housing development.
- It must facilitate for provision of bulk services on land proposed for housing development.
- It must facilitate resolution of conflicts within or outside project implementation if such issues are perceived to be potential risks to the planned project

### **Stakeholders**

- The Department of Human Settlement/ Housing, Local Government and Traditional Affairs (DHLGTA) is the most important stakeholder in housing in MLM. Its mandate is enshrined in the national legislation, the Housing Act, 107 of 1997. The Department administers national and provincial housing programmes and approves applications provides funding to construct houses and infrastructure.
- The following is a list of some important stakeholders in the housing development
  - Communities
  - Council
  - Department of Rural Development and Land Reform
  - Eskom
  - NGO's
  - ORT District Municipality
  - Dept of Water Affairs
  - Department of Home Affairs

### **Level and standards in Housing and town planning services**

The municipality is actively involved in the plan and provision of low income housing but there were no current projects being implemented in 2010/11 financial year.

c. Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	3%	1250	0	0	0
2	Percentage of informal settlements that have been provided with basic services	20%	1000	0	0	0
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	0	1250	0	0	0

d. Major challenges in housing and town planning services and remedial actions

- Municipality does not have a land use management plan/system in place yet.
- The municipal zoning scheme needs to be reviewed.
- There is no enforcement strategy on the municipal by-laws regulating irregularities.
- Community/property owners do not comply to building regulations.
- Property owners not adhering to property land uses or following necessary procedures to effect necessary changes.
- There is an uncontrolled land invasion tendency taking place.
- No linkage between housing and land office and BTO with regards to informing changes on property improvements, which would update rates
- There is no town planner

## 2.7 Spatial planning (implementation)

a. The municipal SDF has been reviewed and the final document was adopted by the council on the 16 of March 2011

b. Strategy and implementation of SDF (see chapter four of the Municipal SDF)

c. Land use management:

Land Use Activity	No. Of applications Received	Comment
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Rezoning	1	This is a very rare application
Subdivisions	4	This is the most active application
Consent Use	0	Never received this type
Removal of Restrictive Conditions	0	This is a very rare application
Township Establishment	1	This is hampered by land claims

### **c. Major challenges in spatial planning services and remedial actions**

- Non-appointment of Town Planner is a challenge and as such recruitment and selection of Town Planner is critical.
- Fast racking of the land claims issue, and engaging the claimants to solicit the development rights.
- Provision of proper space for the housing and town planning section.
- Development of a land use management system that will respond to the challenges of the municipality.
- Municipality to pass a council resolution that outlaws the land invasion, also put up systems to monitor and enforce this resolution.

#### **Insert 2.8. Indigent Implementation**

(a) Indigent policy register dev. Draft policy

(b) Implementation of the policy, strategy,

#### **2.8. Indigent policy implementation:**

a. Preparation and approval process of the indigent policy

The municipality has an Indigent Policy which has been reviewed in the 2010-2011 financial year. The process of reviewing the policy includes having all Mhlontlo Stakeholders reviewing the policy before it is adopted by council. The stakeholders includes Traditional Leaders, Ward Committees, Councillors, Council of Churches as well as community members.

b. Implementation of the policy

Though the municipality has a reviewed policy in place, it still does not have a credible Indigent Register, therefore the municipality relies on data collected by Ward Councillors and other stakeholders. The municipality is in a process of developing a credible register that will be approved and implemented by the municipality. This register will be up-dated and maintained regularly.



## 2.9 Overall service delivery backlogs (arrange with OR. TAMBO INFRASTRUCTURE for information)

Basic service delivery area	01 July 2010.			30 June 2011		
Water backlogs (6KL/month)	Required	Budgeted	Actual	required	budgeted	Actual
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	49 862	20 000	19 596	49 862	20 000	19 596
<b>Electricity backlogs (30KWH/month)</b>						
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	50 935	5415	5415	50 935	5415	5415
<b>Road maintenance backlogs (Check with IDP wish list)</b>						
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	50 538	397	397	50 538	397	397
<b>Refuse removal (provide information)</b>						
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	No credible Data	No credible Data	No credible Data			
<b>Housing and town planning</b>						
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	675	0	0	921	921	0
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	921	0	0	921	921	0

## MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

### 3.1 Brief presentation of LED strategy/plan

#### Status on developing the LED strategy/plan

- An LED strategy is in place and being implemented. The municipality has identified four major economic sectors in the LED strategy namely Agriculture, Forestry, Tourism, Retail and Wholesale and are mainly areas of focus in local economic development. The LED strategy is currently under review.
- Setting up a LED unit;
- The unit has 06 staff members which includes the LED deputy director, Agriculture and forestry officer, Tourism officer, SMME officer, LED assistant and one LED clerk.

The department still needs an LED director, a Researcher and Development Officer as well as a Tourist information officer.

- **The availability of LED expertise;**

Expertise in the field of LED is a challenge, in most cases the department requires of specialist in the field of agriculture, research and environment which the municipality does not possess. LED staff has not been capacitated for years since 2006.

**LED stakeholder forum functionality (number of meetings held);**

Establishing a forum is still challenge for the municipality. However there is the Rural Development Project steering Committee that sits twice a month and it serves the purpose of an LED Forum. The stakeholders that constitute the Committee are the very same stakeholders that should form the LED Forum.

**Funding opportunities of LED activities**

- Millions have been spent by **ASGISA- EC** through agricultural initiatives in the past financial year
- An amount **R1.5 million** was received from DEDEA for the following projects
  - Sinako Coffin Manufacturing
  - Malakhiwe Bakery and
  - Caba Cultural Village feasibility study
- An amount of R3 million was received from the Department of Economic Development and Environmental Affairs for a nature conservation program which starts by fencing at around the Tsitsa falls reserve area, construction of a reserve gate and erection of security office. Construction of an information hall, purchasing of a water pump generator for the lodge.

### **3.2 Progress towards achieving the LED key objectives**

#### **a. Improve public and market confidence**

**Spatial development framework (SDF)/Land use management system (LUMS);**

- The municipality still faces challenges of rezoning the land.
- The Spatial Development Framework has been reviewed and being implemented. A Land Use Management plan for Qumbu has been finalized. In Tsolo the LUM is still under development.
- **Red tape reduction: Turn-around time for licensing and other business related applications;**

- Licensing of businesses is a challenge especially general dealers, they claim to be paying levies to the district municipality and therefore cannot pay licenses to the local municipality. Most street traders trade without licenses and even those who have licences do not renew them. Turnaround time for licensing is two (2) days
- **Investments and trading by-laws**  
There is Finance Investment Policy looking at how the municipality handles its own finances. There is no investment policy/plan/strategy to attract investors to our area.  
Bylaws have been gazetted, enforcement remains a challenge as there is no staff assigned to carry out the job.
- **Provision and maintenance of quality and reliable infrastructure: Roads; ITC; market places**
- Surfacing of Streets in nodal points has been done. There is still a need for construction of market stalls. ICT, roads, bridges, water and energy infrastructure in most economic nodal points does not exist.
- Disaster management within the context of conducive environment for economic development (policy /framework adoption and implementation);

The Municipality does not have a disaster management plan or Framework, relies solely to the District Municipality.

#### **b. Exploit comparative and competitive advantage for industrial activities**

The municipality has prioritized agricultural reform as such the department of Agriculture and ASGISA have invested and cultivated hectares of land with maize. Environmental Management and Land Use Plans have been conducted along the Tsitsa River Basin through ASGISA Eastern Cape. The municipality has funded a development of a Tourism Plan which is correctly under development. An investment arm has been established to assist in investment promotion and identify investment opportunities that could be exploited by the municipality.

#### **e. Intensify Enterprise support and business development**

- **Business Development Services (BDS) provided to SMME;**  
The municipality offered trainings to different SMME's on different business aspects ranging from business management, sewing, farming service excellence and hospitality. Candidates who benefited from the trainings were from farmers, accommodation establishments, caterers, coops and product owners. Support in terms of funding has been provided to 19 projects funding ranging from 100 000 to 300 000 during the financial year, however some projects were carried over

from 2010/2011 financial year. There has also been an intervention from the National government of piloting. Rural development in ward 02 and ward 13 Coops were registered and communities capacitated on beadwork. Funding support and training on art work have been received from National Youth Development Agency. Though the projects were funded it has been a challenge for all projects to be implemented successfully due to financial constraints/ cash flows within the municipality.

- **Public and private partnerships established**

The municipality has established partnership with Small Enterprise Development Agency (SEDA). Through the partnership SEDA has been offered office space within the municipality with a mandate of providing and facilitating local economic development through provision of non-financial business development support services to enterprises in the municipal area.

**Number of new formal SMME established within the municipality**

The municipality is encouraging its community to establish Cooperatives. Hundreds of Co-ops were registered but there is a delay in the issuing of Coop Certificates.

- **Number of new employment opportunities through Expanded Public Works Programs and Public and Private Partnerships**

There was no EPWP project implement during the financial year.

A Food for Waste had started from November 2009 which employs 100 people (Females 83 and 17 Males) who receive food on a monthly basis. The project is due to end in 2011/2012 financial year.

The development of Mhlontlo Nature reserve employs 83 people

The Waste Recycling project employs 84 people and will end in February 2012

**d. Support Social investment program**

As much as the municipality identifies low levels of skills base as a challenge which results into unemployment and poverty, there is no clear base line information that could be used by the municipality to determine the rate at which its skills base could be increased. Nevertheless trainings and workshops have been offered to the general community to counteract the challenge. Trainings in enterprise development and management, service excellence, sewing and farming have been offered. Preferential procurement system has been used to acquire services. Contractors have also been made to employ local labour in projects implemented within the municipality. Through assistance from Local Government a Socio- Economic survey has been conducted in ward 13. Ward Based plans for ward 02 and ward 13 have been developed through the O.R.Tambo District municipality.

### 3.3 Annual performance as per key performance indicators in LED

Indicator name	Target set for the	Achievement level during the year (absolute	Achievement
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		year	figure)	percentage during the year
1	Percentage of LED Budget spent on LED related activities.	100%	An amount of R4.2 million was allocated to the following projects: Siyavuka Brick making Mqandanto vegetable garden Tshisane poultry Goqwana/Labry Tsolo New Homes Ndzebe vegetable garden Youth hardworkers project Lotana bakery Dumba project Mfuleni project Vukuzenzele poultry Laleni youth irrigation scheme Qumbu New Homes Mbentsa vegetable production Phakamani egg layers Radebe poultry project Lindokuhle Poultry project Siyaphambili Community project Nozityana vegetable project Extended cab Mabheleni dam facilities development	75%
2	Number of LED stakeholder forum held	Government department, Non governmental Organisations, Community Business sector, Parastatal	Qolombana game farm development Tourism route identification and signage Tourism sector plan Tourist Information centre Ntlangano Community conservancy Master plan	90%
3	Percentage of SMME that have benefited from a SMME support program	22 SMME's	Caba Art and Craft centre development Purchase of baking machinery and inputs	75%
4	Number of job opportunities created through EPWP	267	Establishment of a manufacturing structure, equipment and raw material purchase	100%
5	Number of job opportunities created through PPP	None	20	0%

			22 SMME's	
			267	
			None	

### 3.4 Challenges regarding LED strategy implementation

- The limited budget with which the department operates impedes the implementation of the LED strategy.
- Suspension of skills development programs for municipal staff by the municipality
- Funding criteria used by the municipality has to be changed (Policy and business planning model should be followed)
- A budget increase for the department can partly solve the problem. DLGTA should assist with the training of the staff and the municipality should take this as its first and foremost obligation.

## Chapter 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

### 4.1 The audited financial statements

Audited Annual Financial Statements for year under review are attached as Annexure A:  
The annexure consists of-

- Statement of financial position
- Statement of financial performance
- Cash flow statement
- Statement of changes in net assets
- Supporting notes to the financial statements
- Remuneration of councillors, Directors, officials, members and officials of municipal entities

### 4.2 Budget to actual comparison

VOTE DISCRIPTION	BUDGETED EXPENDITURE	ACTUAL EXPENDITURE	VARIANCE	COMMENTS
<b>Mayor</b>	R1,594,737.65	R1,572,52.65	-R22,212.10	1%
<b>Council</b>	R13,752,966.62	R14,148,579.04	R 395,612.42	3% that was under budgeting
<b>Municipal Manager</b>	R4,092,765.36	R8,772,518.37	R -4,454,753.37	2% Legal expenses were under budgeted for in the current
<b>Corporate Services</b>	R17,719,559.64	R11,797,475.85	R 5,922,083.82	12% Under budgeting for leave
<b>Finance</b>	R22,151,135.38	R19,988,771.63	R 2,162,363.75	-10%
<b>Infrastructure</b>	R73,264,113.50	R 40,945,348.10	-R 32,318,765.19	44% capitalisation of access roads
<b>Community Service</b>	R 15,426,499	R 13,848,865.84	R 1,577,633.16	Capitalisation of Refuse Truck

### 4.3 Grants and transfers' spending

Grant details			Amount received and spent each quarter											
			1/04 to 30/06		01/07 to 30/09		01/10 to 30/12		01/01 to 30/03		01/04 to 30/06		Total	
Project name	Donor name	BF amount	Rec	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent
Equitable Share	National Treasury				28 321 709		22 657 367		16 993 026				67 972 102	
MIG			4022092.34		7 500 000	9,268,852.01	6 000 000	5,088,054.26	2 062 000	6,170,814.83		1,581,584.57	19584092.34	22,109,305.67
LED					803 000		3 110 000				500 000		4 413 000	
FMG					1 200 000	402,159.99	0	123,918.92		113,086.31		111,885.30	1 200 000	751,050.52
IDP						5,710.00	0		445428	357582.25	0	186,041.28	445 428	549,333.53
Electrification Program					0	1,200,000.00	33500000	21999999.90	4 500 000	0	0	12 713 414.85	38 000 000	R34 714 614.73
Election Fund									1 800 000				1 800 000	
MSIG					750 000	191,750.00	0	393,250.00	0	195,500.00	0	288,000.00	750000	1,068,500.00



#### 4.4 Meeting of Donors' requirements in respect of conditional grants

All grants have been spent according to the specified purpose and where there were short falls the municipality has utilised its funds as to finalise the payments committed i.e. **MSIG**.

#### 4.5 Municipality Long Term Contracts

There have been no long term contracts signed in this period, except for the implementation of existing contracts.

#### 4.6 Annual performance as per key performance indicators in financial viability.

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	R46,209,453	R49 246 290	107%
2	Salary budget as a percentage of the total operational budget	R39,597,341	R30, 268, 015	76%
3	Total actual trade creditors as a percentage of total actual revenue	R131, 989 ,755	R9, 595 ,014	7%
4	Total municipal own revenue as a percentage of the total actual budget	R19,609,477	2,760,568	14%
5	Rate of municipal consumer debt reduction			
6	Percentage of MIG budget appropriately spent	R23,562,000	R22,109,305.67	94%
7	Percentage of MSIG budget appropriately spent	R750,000	R1,068,500	14%

#### 4.7 The Audit committee functionality A

The municipality does have the Audit committee in place and it's functional. Attached is Audit committee Report. **Annexure B**

#### 4.8 Arrears in property rates and service charges

CONS CODE SUMMARY CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS +	AUX	TOTAL
01 HOUSEHOLD	R 75,495.28	R 68,602.82	R 6,781	R 8,439,453		R 8,659,613
02 CHURCHES	R 75,944.35	R 13,985.95	R 1,398	R 157,948		R 267,510.9
04 BUSINESS	R 64,405.87	R 68,998.77	R 6,329	R 4,180,434		R 4,431,168
30 AGRICULTURE	R 123.91	R 123.91	R 24	R 5,280		R 5,899.5
31 HEALTH	R 247.82	R 247.82	R 37	R 17,654		R 14,789.9
32 EDUCATION	R 1,654.22	R 1,654.22	R 190	R 174,485		R 216,535.3
33 NPW	0	0	0	R 428,,695		R 379,265.8
34 PPW	R 991.28	R 991.28	R 210	R 643,268		R 31,082.4
35 SOCIAL WELFARE	R 123.91	R 123.91	R 24	R 78,041		R 78,661.2
37 MUNICIPAL OFFICIALS	R 537.42	R 537.42	R 53	R 49,304		R 51,452
38 MUNICIPAL COUNCIL	R 44.53	R 44.53	R 4	R 5,487		R 5,665.2

## Chapter 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

### 5.1 Overview of the Executive and Council functions and achievements;

The Executive Committee was comprised of Eight (8) members. The mayor was the head of the collective Executive. The municipality had the following Standing Committees:

- (i) Local Economic Development
- (ii) Community Services
- (iii) Corporate Services
- (iv) Budget and Treasury
- (v) Infrastructure
- (vi) Special programmes Unit
- (vii) Planning and Development

### 5.2 Public participation and consultation;

Mayoral Imbizos and implementation of issues raised;

The imbizos were held in various wards , though not all Mhlontlo wards were visited. The issues raised inter alia covered the question of inaccessibility of roads both the Access Roads and the Provincial or T- Roads. Electrification programme was one of the areas that were raised as taking a snail's pace.

Public hearings:

The municipality managed to hold hearings on electricity usage, Integrated Development Plan during IDP and Budget preparations . These meetings were presided by the Speaker of the municipality. The municipality presented IDP and Budget to 21 wards.

Customer satisfaction surveys :

Generally , the communities were dissatisfied by the slow pace of service delivery that was rendered.

### **5.3 Ward committees' establishment and functionality**

Members attendance to meetings; The Ward Committees had shown diligence in attending meetings and addressing the issues of their communities.

Availability of minutes of ward meetings; Whenever ward committees held their meetings, they submitted minutes to the office of the Speaker and reported on monthly basis.

Written proof of tabling resolutions to Councils; clearly, the municipality did not adhere to this, this was dealt with at Standing Committee levels.

Availability of minutes of feedback meetings with communities; Minutes were availed and the office is currently in possession of those minutes. Respective ward councillors were responsible for feedback to the communities.

Availability of Ward committee activity reports; Activity reports were submitted to the office. The 21 wards of the municipality as led by ward councillors, had village level activities that were reported and submitted to the office.

### **5.4 Community Development workers performance monitoring**

Department of Local Government and Traditional Affairs as well as the office of the Speaker receive the reports emanating from wards. All CDWs tirelessly worked to assist the communities and as such there were cases identified on a monthly basis from each ward. For example, Ward 10 had a special project that resulted to the identification of 15 cases. 120 target was reached per CDW per Ward. CDWs gave their attention to the municipality's activities to an extent that they even assisted the Ward Committees.

### **5.5 Communication strategy**

The municipality had no strategy developed in the period under review and as such no adoption of the strategy. Communication officer was in the employ of the municipality.

### **5.7 Intergovernmental Relations**

The municipality did not have a framework and only managed IGR through ad hoc meetings. No meetings were ever recorded during the year under review.

No partnership agreement was ever signed.

## 5.8 Legal matters

### 5.8.1 Setting up of Legal Units

The municipality did not have a legal unit and was outsourcing legal services: Following are the list of legal advisors and/or firms that were used during the year under review.

- Mvuzo Notyesi Incorporated
- Pumeza Bono Incorporated
- Potelwa Co.

### 5.8.2 Management of litigation

1. Case Load Management with specific reference to:
  - a. Favourable cases

Case name	Recovery (yes/No)	Reasons for non recovery
Mhlontlo LM //Xolisa Mqamelo & Others	N/A	N/A
Samwu//Mhlontlo LM	N/A	N/A
Mhlontlo LM//Jimmy Kwinana & Others		
Cosey Home Builders & Developers //Mhlontlo LM		
Sidwell Mtshawu//Mhlontlo LM & Mr Mvanyashe		
Qumbu Municipality//SADT t/a SPARGS		

- b. Unfavourable cases

Case name	Compliance with judgement (yes/No)	Reasons for non compliance with judgement
	N/A	N/A

2. Case age analysis,

Case name	Nature of the case	Date of commencement	Cases of 2 years or bellow	Cases beyond 2 years	Reasons for extensive duration
J.M. Jikijela & M. Giyose //Mhlontlo LM		2010	X		
G.P. Ngcangula //Mhlontlo LM					
Tsolo TDH// Mhlontlo LM					

3. Default judgements

Case name	Reasons for default judgement

N/A	N/A
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4. Prevention mechanisms of current litigations:

Since there is no legal unit there are no prevention mechanisms in place yet.

5. Criminal matters emanating from corruption and fraud

None

### 5.8.3 Management of Legal Risks

Currently there is no policy in place, except for resolutions taken by the Council with regard to appointment of Legal Experts depending on the area where legal advice is required.